

JOE WARDY  
MAYOR



## CITY COUNCIL

SUSAN AUSTIN  
DISTRICT NO. 1

ROBERT A. CUSHING, JR.  
DISTRICT NO. 2

JOSE ALEXANDRO LOZANO  
DISTRICT NO. 3

JOHN F. COOK  
DISTRICT NO. 4

DANIEL S. POWER  
DISTRICT NO. 5

PAUL J. ESCOBAR  
DISTRICT NO. 6

VIVIAN ROJAS  
DISTRICT NO. 7

ANTHONY W. COBOS  
DISTRICT NO. 8

SPECIAL CITY COUNCIL MEETING  
COUNCIL CHAMBERS  
JULY 1, 2004  
9:00 A.M.

The City Council met at the above place and date at approximately 9:16 a.m. Mayor Joe Wardy present and presiding and the following Council Members answered roll call: Susan Austin, Robert A. Cushing, Jr., Jose Alexandro Lozano, Daniel S. Power, Vivian Rojas, and Anthony Cobos. Absent: John F. Cook. Late arrival: Paul J. Escobar at 10:54 a.m.

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## AGENDA

1. Discussion and Action regarding the Overview of the Mayor's Proposed FY 2004-2005 City of El Paso Budget for Council.
2. The City Council of the City of El Paso will retire into **EXECUTIVE SESSION** pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D, to discuss and take action on any of the following: (The items listed below are matters of the sort routinely discussed in Executive Session, but the City Council of the City of El Paso may move to Executive Session any of the items on this agenda, consistent with the terms of the Open Meetings Act.)

Section 551.071 CONSULTATION WITH ATTORNEY

Section 551.072 DELIBERATION REGARDING REAL PROPERTY

Section 551.073 DELIBERATION REGARDING PROSPECTIVE GIFTS

Section 551.074 PERSONNEL MATTERS

Section 551.076 DELIBERATION REGARDING SECURITY DEVICES

Section 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS

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Item 1: Discussion and Action regarding the Overview of the Mayor's Proposed FY 2004-2005 City of El Paso Budget for Council.

Mayor Joe Wardy explained that for the FY2004-2005 there would be budget cuts and budget additions and enumerated the City's priorities as follows: 1. Public Safety; 2. Parks and Open Spaces; 3. Streets and Drainage. He noted that the Parks and Recreation and Street Department have additional monies in their respective budgets.

Mr. David Almonte, Director of OMB, explained that the FY2004-2005 budget included a 2½ one-time cost of living payment to non-uniformed City employees, not including Executive level City employees.

Representative Cobos asked Mr. Almonte what the dollar amount was regarding the 30 laid off positions and questioned if the reason for the lay offs due to inefficiencies or budget constraints.

Mr. Almonte responded the dollar amount is an estimated \$1.4 to \$1.5 million.

Mayor Wardy responded that the 30 positions were laid off due to both inefficiencies and budget constraints; however, he noted that 4,000 employees would receive a one time 2.5% check.

Representative Cobos asked if, in the past, a COLA (Cost of Living Allowance) ever went to a voter referendum and suggested that this be presented to the voters to determine if they are satisfied with the service they receive. Mr. Almonte was not aware of COLAs coming before the voters before.

Representative Cushing asked about the 30 lay off positions and the unfilled positions and if the unfilled positions would remain on the staffing charts. Mr. Almonte explained that 130 positions had been deleted from the staffing table, but there are unfilled positions remaining into which the laid off employees can be placed.

Mayor Wardy explained the responsibilities of government and added that the City was growing much faster than the tax base.

Representative Cushing asked whether or not the 30 laid off positions, the incumbents, could be integrated into other positions in the City. Mr. Almonte said that the City was working with the Human Resources Department and in all probability those individuals would fall into other positions in the City.

At this time Mr. Almonte gave a Powerpoint presentation (on file in the City Clerk's office) and answered questions from and responded to comments made by the Council Members.

Mr. Jim Martinez, Chief Administrative Officer, identified the increase in the Parks and Recreation Department budget to be approximately \$800,000 in the FY05 budget.

Mayor Wardy explained that if the City does not keep up with the attrition rate of El Paso Police Department, that will trigger an automatic tax increase in future years in order to catch up. He stated that it would take approximately an additional 45 officers a year to prevent such a tax increase. He stated that El Paso's status as the 2<sup>nd</sup> safest City, of our size, is no accident.

Mayor Wardy and Mr. Martinez explained that organizational changes in the Fire Department were yielding a broader coverage of ambulances on the street and a cost savings in overtime.

Representative Cobos asked Mr. Almonte questions regarding contracts with private ambulance companies and what the City was doing that the private sector could not. Mr. Almonte explained that the private ambulance companies primarily provided transportation to area hospitals, not emergency paramedic care.

Mayor Wardy provided further clarification regarding the City of El Paso's paramedic care provided in the City ambulance units.

Representative Cobos urged Mr. Almonte to examine whether or not private companies could provide that same service.

Mr. Martinez explained that Fire Department Chief Roberto Rivera and Assistant Chief Steve Surface had come up with innovative scheduling methods by which Fire Department personnel could provide broader coverage and reduce their costs.

Representative Austin asked Mr. Almonte to identify what the COLAs would cost. Mr. Almonte replied \$1.5 million.

Representative Cobos asked Mr. Almonte what the cost was for an election on the COLA referendum. Ms. Richarda Duffy Momsen, City Clerk, replied approximately \$117,000 plus an estimated \$15,000 in legal Notices.

Representative Power commented on the Police Department uniformed personnel's receipt of automatic yearly COLAs and questioned the cost of newly appointed uniformed Police Department personnel. Mr. Martinez explained that the current Police Department contract will expire at the end of September, beginning of October, 2005.

Representative Cushing asked Mr. Almonte from what budget the utilities were taken. Mr. Almonte replied the City's Operating Budget.

Representative Rojas questioned Mr. Almonte regarding the gas and cell phone cost utilized by the Mayor and Council.

Mr. Almonte responded that those costs would be covered in the Representative's discretionary accounts and operating budget.

Representative Austin questioned what percentage of employees were uniformed as opposed to non-uniformed in the personal services category. Mr. Almonte replied that over 60% of the budget was uniformed personnel.

Representative Austin also questioned whether or not the budget distribution was the same as last year.

Mr. Almonte responded that personnel costs have remained steady and added that contractual employment had decreased slightly. He further clarified that \$142 million dollars were personnel costs for the Police and Fire Departments and the budget totals for the Police Department was \$87 million and \$55 million for the Fire Department.

Representative Rojas asked Mr. Almonte what the difference was when referring to "Personal Services" as opposed to "Personnel Costs". Mr. Almonte explained that it is just the term the City has used to address the cost of salaries and fringe benefits.

Representative Lozano asked Mr. Almonte what "Other Uses" referred to and questioned where the street repair language was located within the budget. Mr. Almonte explained that Other Uses pertained to the lobbyists and the street repair was listed under "Materials/Supplies".

Representative Cushing asked Mr. Almonte to explain "Non-Departmental" and questioned the amount of monies to be carried over from the FY04 budget. Mr. Almonte explained that included the COLA monies and contingency funds, among other things.

Mr. Chapman explained the Fund Balance and how those monies were distributed.

Representative Power asked Mr. Almonte to provide examples of Quality of Life services. Mr. Almonte explained that Parks and Recreation, Library, Museums, Community and Human Development and Zoo encompassed Quality of Life services.

Representative Cushing asked why the FY03 budget showed a spike in "Ten Years All Fund Trend".

Representative Cobos asked where the P&I Debt Service was shown in the budget. Mr. Almonte stated that P&I Debt Service would be listed under "Other Uses".

Representative Austin questioned Mr. Almonte regarding the "Capital Overlay" category. Mr. Almonte explained that CDBG funds were shown there, as well as some Airport and El Paso City/County Health and Environmental District funds.

Mr. Chapman added that Capital Improvement Projects (CIP) were not in the General Fund budget that the Council was reviewing today.

Representative Austin asked Mr. Chapman where in the budget the appropriation for the Bond projects was listed. Mr. Chapman explained that the CIP budget was set up so that when a project was ready to be launched the monies would be so appropriated. He reiterated that the CIP budget was a separate budget and not included in today's discussion.

Representative Cushing asked questions regarding the A/E projects and the 10% for projects that goes into the departmental budget. He questioned where in the budget those monies were listed. Mr. Chapman explained that a line item in the City's General Fund had been set aside for Engineering Department revenue.

Representative Power also asked how the 10% project costs were tracked. Mr. Chapman provided the following example:

\$50,000 for an Engineer's salary, budgeted in the Engineering Department budget. Engineer's time would be tracked while working on said project(s) and charged to the project. Part of the cost to the General Fund of the engineer's salary was recovered from the project, as Engineering Revenue Charge. He explained that an Engineering Revenue Charge was charged to the project to recover the cost of the engineer's salary for the time he/she spent on the project. Additionally, testing and design work would be recovered in the same manner.

Mr. Chapman directed the Council to page 4 of the FY05 Mayor's Proposed Budget, Culture and Recreation Revenue, Account Number 404357 to see the dollar amount anticipated from all projects in the FY05 budget. He explained that Ms. Patricia Aauto, Deputy CAO for Building and Planning Services, was able to list A/E projects on line and that Council would be able to follow each project's costs.

Representative Cobos expressed his concern that there was not enough Council oversight regarding the A/E projects.

Representative Power expressed his concern regarding the redundancy of charging the same salary twice in salary appropriation, then also in recovery costs.

Mayor Wardy explained that the City was counting on these project recovery costs to operate the Engineering Department.

Representative Austin asked follow up questions of Mr. Chapman and Mayor Wardy.

Ms. Adauto explained how project costs were charged.

Representative Cobos reiterated that the Council has no oversight regarding how much the Engineering Department would be charged for the project cost.

Representative Cushing asked Mr. Chapman at what point the project costs began being charged.

Mr. Chapman answered that the practice predated his tenure with the City.

Representative Rojas asked Mr. Almonte to explain again the intergovernmental expenditures.

Representative Cushing asked Mr. Almonte if the intergovernmental expenditures include the TxDOT matches. Mr. Almonte responded no.

Mayor Wardy thanked Messrs. Almonte and Chapman and OMB staff for their hard work on their presentation.

Representative Austin asked if the \$7 million increase was in revenue fees approved earlier in FY04 for the full year.

Mayor Wardy asked Mr. Chapman to explain the impact of the revenue fee increases. Mr. Chapman explained that the fees were annualized and showed Representative Austin where in the budget those monies could be found.

Representative Austin asked Mr. Chapman whether or not the property value increases would be included in the FY05 budget.

Mr. Chapman said yes and added that he had added an approximate 5% increase for the increased property valuations.

Representative Austin asked Mr. Chapman when the City would see those dollar amount increases from the increased property valuations. Mr. Chapman replied between December 31, 2004 and February, 2005.

Representative Austin asked Mr. Chapman what the effect would be if the increase was 8% rather than the 5%. Mr. Chapman explained that a 1% increase in valuation would yield approximately \$1 million in additional tax revenue.

Mr. Martinez stated that the staff recommendation would be to reduce the amount the City took from the fund balance if increased taxes were collected.

Representative Austin explained that, for public information, the current FY05 budget did not reflect the increase in property valuation. She explained that she did not want the public to think that the City was doing two things: 1. reaping increased tax revenue; and 2. taking a big chunk of the fund balance.

Mr. Chapman clarified that the City would need to build the fund balance back up in the event something catastrophic occurred, like, for example September 11<sup>th</sup>. He explained that it would be preferred to have one month of operating budget available in the fund balance.

Representative Power stated that El Paso had one of the healthiest fund balance among other major Texas cities and asked, "Do we need this much of a fund balance?" He added that we were acting as if we were one of the wealthiest communities instead of the one of the poorest.

Mayor Wardy reminded the Council that the City was just one of five or six other taxing entities and added that the City was not the largest part of anyone's tax bill. He stated that the City of El Paso had exercised restraint.

Representative Cobos questioned what the projected fund balance would be.

Mr. Almonte explained that the Department would be taking \$10 million from the FY04 fund balance and adding it to the FY05 fund balance. He explained that the fund balance would be \$12.5 to \$15.5 million at the end of FY04.

Mayor Wardy stated that the number one goal should be removing the burden from residential taxpayers.

Representative Cobos asked that the OMB Department provide a summary of what to expect when the Council Members meet with the County Commissioners on July 12<sup>th</sup> to discuss the El Paso City-County Health and Environmental District's budget. He asked how the recent lawsuit had affected that Department's budget. Representative Cobos stated that the City had \$16 million in its Fund Balance that was "untouchable", in addition, to the \$12.5 to \$15.5 million

Representative Power asked Mr. Chapman whether or not the \$16 million in Fund Balance was as per the City Charter.

Mr. Chapman explained that the \$16 million must be repaid within one year's time, if the monies are to be used for emergencies.

Mayor Wardy stated that if the City depletes its fund balance, in addition to the \$16 million in reserve, the credit ratings would be affected adversely.


Representative Cushing asked how the City was utilizing the interest rate on the \$16 million.

Mr. Chapman explained that the monies were utilized for Capital purchases, as per the City Charter.

Representative Cushing asked Mr. Chapman for a trial balance, as of May 31<sup>st</sup>.

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Motion made by Representative Cushing, seconded by Representative Escobar and unanimously carried to adjourn this meeting at 11:19 a.m.  
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APPROVED AS TO CONTENT:

  
Richarda Duffy Momsen, City Clerk